



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

September 17, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
UGI Utilities, Inc. – Gas Division – 1307(f)
Docket No. R-2026-3062192
I&E Pre-Served Testimony, Exhibit, and Verification

Dear Secretary Homsher:

Enclosed for electronic filing please find the **NON-PROPRIETARY** version of the Bureau of Investigation and Enforcement's Pre-Served Testimony, Exhibit, and Verification in the above-captioned proceeding. The **PROPRIETARY** version will be submitted to the Secretary's Bureau via their ShareFile. The following documents were admitted into the record via Administrative Law Judges Alphonso Arnold III and Barbara Shadie Nause's Order Granting Joint Stipulation and Admitting Evidence which was issued on August 24, 2026.

Christopher Keller: I&E Statement No. 1 (**PROPRIETARY**)
I&E Exhibit No. 1 (**PROPRIETARY**)
Verification

Copies of this letter are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam J. Williams', is written over a horizontal line.

Adam J. Williams
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 310019
(717) 787-8754
adawilliam@pa.gov

AJW/ac
Enclosures

cc: Administrative Law Judge Alphonso Arnold, III (*CL&COS only – via email*)
Administrative Law Judge Barbara Shadie Nause (*CL&COS only – via email*)
Per Certificate of Service (*CL&COS only – via email*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2026-3062192
	:	
UGI Utilities, Inc. – Gas Division – 1307(f)	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Letter Regarding Pre-Served Testimony, Exhibit, and Verification** dated September 17, 2026, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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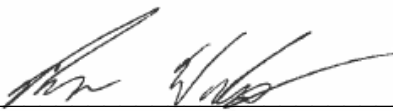
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**I&E Statement No. 1
Witness: Christopher Keller
NON-PROPRIETARY**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2026-3062192

Direct Testimony

of

Christopher Keller

Bureau of Investigation & Enforcement

Concerning:

**Peak Service Contract Payment Schedule
Quarterly PGC Rate Changes**

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Christopher Keller. My business address is Pennsylvania Public
4 Utility Commission, Commonwealth Keystone Building, 400 North Street,
5 Harrisburg, PA 17120.
6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
9 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
10 Analyst.
11

12 **Q. SUMMARIZE YOUR EDUCATION AND EMPLOYMENT HISTORY?**

13 A. An outline of my education and employment history is attached as Appendix A.
14

15 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

16 A. I&E is responsible for protecting the public interest in proceedings before the
17 Commission. I&E's analysis in this proceeding is based on its responsibility to
18 represent the public interest. This responsibility requires the balancing of the
19 interests of the ratepayers, the regulated utility, and the regulated community as a
20 whole.

1 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A. The purpose of my direct testimony is to address UGI Utilities, Inc. - Gas
3 Division's (UGI or Company) peak service contract payment agreement and
4 quarterly purchased gas cost (PGC) rate changes.

5
6 **Q. DOES YOUR DIRECT TESTIMONY INCLUDE AN EXHIBIT?**

7 A. Yes. I&E Exhibit No. 1 contains schedules that support my direct testimony.

8
9 **BACKGROUND**

10 **Q. BRIEFLY EXPLAIN THE THREE FACTORS THAT COMPRISE THE**
11 **PGC RATE.**

12 A. The basic PGC rate formula is $(C-E)/S$ where:

13 C = Cost of gas component or C-factor, representing the projected cost of
14 gas for the rate effective period in the Company's present case from December 1,
15 2026 to November 30, 2027.

16 E = Experienced over/under collections or E-factor, reconciling variations
17 between the projected gas costs and actual gas costs as well as variances between
18 projected and actual sales. The E-factor also serves as the vehicle to pass through
19 miscellaneous revenues, including penalties and supplier refunds, and to calculate
20 interest.

21 S = Sales, representing a projection of sales for the effective period.

1 **Q. BRIEFLY EXPLAIN THE FILING REQUIREMENTS FOR NATURAL**
2 **GAS DISTRIBUTORS WITH GROSS INTRASTATE ANNUAL**
3 **OPERATING LEVELS IN EXCESS OF \$40 MILLION.**

4 A. Under Section 1307(f) of the Public Utility Code, natural gas distributors with
5 gross intrastate revenues in excess of \$40,000,000 are required to file an annual
6 tariff reflecting natural gas costs. The utility is further required to make quarterly
7 filings at three months, six months, nine months, and twelve months after the
8 effective date of the tariff. The rates are to be recalculated to reconcile under
9 collections or over collections due to changes in gas costs or changes in volumes
10 from the original projection. If the reconciliation results in a recalculated rate that
11 differs by more than 2% from the existing tariff rate, a new tariff should be filed to
12 incorporate the new rate. The rate change necessitated by the quarterly filing is
13 reflected in the gas cost C-factor to capture and mitigate annual revenue and cost
14 disparities in the effective annual period.

15
16 **C-FACTOR QUARTERLY ADJUSTMENTS**

17 **Q. WHAT DETERMINES THE QUARTERLY CHANGE TO THE**
18 **C-FACTOR?**

19 A. In a quarterly filing, the Company provides actual and estimated over/under
20 collections for the prior quarter and updated over/under collection estimates for
21 the remainder of the current PGC year. The incremental change to the monthly
22 over/under collections that were reported in the previous quarterly filing represents

1 the additional over/under collection amount that is to be addressed by adjusting the
2 C-factor to minimize the prospective over/under collection balance.

3
4 **Q. HOW ARE THE ACTUAL QUARTER'S RESULTS IN THE FINAL PGC**
5 **QUARTER ADDRESSED?**

6 A. The final quarter's residual over/under collections will become part of the E-factor
7 that is recovered in the next PGC year.

8
9 **E-FACTOR RECONCILIATION**

10 **Q. WHAT IS THE COMPANY'S PGC RATE YEAR?**

11 A. The Company's PGC rate year is from December 1st through November 30th.

12
13 **Q. IN THE COMPLIANCE FILING EFFECTIVE DECEMBER 1, 2026,**
14 **WHICH MONTHS ARE RECONCILED WITH ACTUAL DATA TO**
15 **DETERMINE THE CURRENT OVER/UNDER COLLECTIONS FOR THE**
16 **TWELVE-MONTH PERIOD ENDING NOVEMBER 30, 2026?**

17 A. The months of December through October are reconciled with actual data, while
18 November is reconciled with estimated data.

19
20 **Q. WHEN IS NOVEMBER RECONCILED WITH ACTUAL DATA?**

21 A. November is reconciled with actual data in the March 1 quarterly filing.

1 **Q. DO YOU AGREE WITH THE RECONCILIATION OF NOVEMBER'S**
2 **PROJECTED DATA WITH ACTUAL DATA IN THE MARCH 1**
3 **QUARTERLY FILING?**

4 A. Yes.

5
6 **PEAK SERVICE CONTRACT PAYMENT SCHEDULE**

7 **Q. WHAT IS UGI'S PEAK SERVICE CONTRACT PAYMENT SCHEDULE?**

8 A. UGI maintains several contracts with its affiliate, UGI Energy Services (UGIES),
9 for winter peak needs.¹ The Company generally spreads the payments for these
10 services over a five-month period beginning in November.

11
12 **Q. WHAT WAS THE NOVEMBER 2025 OVER/UNDER COLLECTION IN**
13 **THE PRESENT FILING?**

14 A. In November 2025, the actual results reflect revenues of \$23,862,735 and gas
15 costs of \$47,150,262.² The actual result was an under collection of \$23,287,527
16 (\$23,862,735 - \$47,150,262).

17
18 **Q. WHAT IS THE PRIMARY REASON FOR THE UNDER COLLECTION IN**
19 **NOVEMBER?**

20 A. November is the beginning of the heating season with usage amounts well below
21 projected and experienced usage for the heating months of December through

¹ UGI Book 2, Schedule B, pp. 2 and 8.

² UGI Book 2, Schedule C, p. 5.

1 March. Despite anticipated and projected low usage and revenue in November,
2 ratepayers are assessed a cost for peak contracts that exceeds the need in that
3 month, the last month of the PGC year. This is a mismatch of costs and revenues
4 and may contribute to a larger E-factor in conjunction with the existing C-factor
5 calculation methodology.
6

7 **Q. WHAT IS THE INTEREST IMPACT TO RATEPAYERS IN THE**
8 **CURRENT FILING?**

9 A. In the current filing, the actual result yields an interest cost to ratepayers of
10 \$1,018,829.³
11

12 **Q. WERE THERE ANY TERMS AGREED TO IN THE 2025 PGC**
13 **SETTLEMENT REGARDING THE COMPANY'S PEAKING SERVICE**
14 **CONTRACTS?**

15 A. Yes. As part of the 2025 PGC settlement,⁴ the Company was to continue the
16 peaking contract RFP pilot program in accordance with the 2023 PGC settlement
17 agreement⁵ where the Company was to provide a modified requests for proposal
18 (RFP) based on the inclusion of the November peaking contract payment and

³ UGI Book 2, Schedule C, p. 5.

⁴ Docket No. R-2025-3054938, Settlement Agreement, paragraph 29.

⁵ Docket No. R-2023-3040290, Settlement Agreement, paragraph 19.

without the November peaking contract payment based on the 2021 PGC
settlement agreement.⁶

**Q. DID THE COMPANY PROVIDE RFP RESPONSES FOR ITS PEAKING
CONTRACTS?**

A. Yes. {BEGIN PROPRIETARY}

Q.

A.

⁶ Docket No. R-2021-3025652, Settlement Agreement, paragraph 24.

⁷ I&E Exhibit No. 1, Schedule 1, pp. 1-6.

⁸ I&E Exhibit No. 1, Schedule 1, pp. 8-11.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED] {END PROPRIETARY}

8

9 **Q. DO YOU AGREE WITH THE NOVEMBER PAYMENT FOR PEAKING**
10 **CONTRACTS?**

11 A. While I disagree with the inclusion of the November payment for peaking
12 contracts, I am not making a related recommendation in this proceeding because
13 the parties agreed to the three-year study in the 2025 settlement.

14

15 **Q. WHY ARE YOU NOT MAKING A RECOMMENDATION REGARDING**
16 **THE COMPANY’S PEAKING CONTRACTS?**

17 A. As stated above, as part of the settlement agreement in the 2025 1307(f)
18 proceeding, I&E agreed the Company was to provide a modified RFP based on the
19 inclusion of the November peaking contract payment and without the November
20 peaking contract payment.

⁹ I&E Exhibit No. 1, Schedule 1, pp. 8-9.
¹⁰ I&E Exhibit No. 1, Schedule 1, pp. 10-11.

1 It is important to note that while I&E accepted the terms in the 2025
2 1307(f) settlement agreement, this does not constitute agreement regarding how
3 the Company spreads the payments for its peaking contracts. Furthermore, as
4 noted above, the current methodology is still under evaluation for a three-year
5 period where the results will be reviewed in the 2028 1307(f) proceeding.

6
7 **QUARTERLY PGC RATE CHANGES**

8 **Q. WHAT IS UGI'S METHODOLOGY FOR CALCULATING ITS PGC**
9 **RATE CHANGES?**

10 A. As part of the settlement agreement in the 2019 1307(f) proceeding,¹¹ UGI agreed
11 to use the methodology per the settlement agreement in the 2017 1307(f)
12 proceeding¹² where it would continue to use the rate caps on quarterly rate
13 changes of 15% for September 1st and 25% for the December 1st, March 1st, and
14 June 1st quarterly filings. UGI would also use either annual sales or remaining life
15 sales for each quarterly filing to determine the PGC rate change. Additionally,
16 and more importantly, as part of the settlement agreement in the 2019 1307(f)
17 proceeding, UGI agreed to provide data in order to perform an analysis in the 2023
18 1307(f) proceeding to evaluate the results from calculating the PGC rate changes
19 under the settlement in the 2017 1307(f) proceeding as compared to what the

¹¹ Docket No. R-2019-3009647, Settlement Agreement, paragraph 18.

¹² Docket No. R-2017-2602638, Settlement Agreement, paragraph 24.

1 results would be using the remaining life method under the settlement agreement
2 in the 2016 1307(f) proceeding.

3
4 **Q. HOW DID THE COMPANY CALCULATE THE QUARTERLY PGC**
5 **RATE PRIOR TO THE 2017 SETTLEMENT AGREEMENT?**

6 A. In the settlement of the 2014 1307(f) proceeding at Docket No. R-2014-2420276,
7 the Company agreed to utilize the remaining life methodology recommended by
8 I&E, with the exception that the final quarterly filing on September 1 of each year
9 would be calculated over a six-month remaining life volume instead of the actual
10 three-month remaining life volume. The Company also included a quarterly rate
11 adjustment cap of 25% to limit the volatility of the remaining life methodology.

12 In the settlement of the 2016 UGI 1307(f) proceeding at Docket No.
13 R-2016-2543309, the Company included a quarterly rate adjustment cap of 15%
14 for its September 1st quarterly filing, starting September 1, 2017 using a three-
15 month remaining life volume with any amount above the cap being brought
16 forward for inclusion in the calculation of subsequent quarterly PGC rate
17 adjustment to limit the volatility of the remaining life methodology.

18 As stated earlier, according to the 2017 settlement at Docket No. R-2017-
19 2602638, UGI may utilize either annual sales or remaining life sales for each
20 quarterly filing to determine the PGC rate change and agreed to continue using the
21 rate caps on quarterly rate changes of 15% for September 1st and 25% for the

December 1st, March 1st, and June 1st quarterly filings. Further, as discussed above, UGI will continue this methodology in the instant 1307(f) proceeding.

Q. DO YOU AGREE WITH UGI USING ANNUAL SALES IN CALCULATING EACH QUARTERLY PGC RATE?

A. While I disagree with any proposed use of annual volumes to calculate the PGC rate change beyond the first quarter, I am not making a related recommendation in this proceeding because the parties agreed to the three-year study in the 2023 settlement.

Q. WHY ARE YOU NOT MAKING A RECOMMENDATION REGARDING THE CURRENT METHODOLOGY TO CALCULATE THE QUARTERLY PGC RATE?

A. As stated above, as part of the settlement agreement in the 2023 1307(f) proceeding, I&E agreed to UGI's use of the methodology per the settlement agreement in the 2017 1307(f) proceeding to determine the quarterly PGC rate. It was further agreed as follows:

Additionally, the Company will perform a side-by-side analysis of the methods identified in UGI Gas Statement No. 3, the direct testimony of Tracy A. Hazenstab, as QAM1 and QAM2 for a period of three years. The analysis will show the comparative PGC rate change that would result under both methods for each quarterly rate change. The analysis will include a comparison of end-of-PGC-year e-factor over and under collections for QAM1 compared to QAM2. At the conclusion of the analysis, as part of the Company's 2027 PGC filing, the Company will

1 propose criteria for use in determining when QAM1 and QAM2 will be
2 used prospectively to calculate the PGC rate change.¹³

3
4 It is important to note that while I&E agreed to the terms in the 2023
5 1307(f) settlement agreement, this does not constitute agreement regarding the
6 current methodology being used. Furthermore, as noted above, the current
7 methodology is still under evaluation for a three-year period where the results will
8 be reviewed in the 2027 1307(f) proceeding.

9
10 **Q. HAS THE COMPANY RECENTLY DEVIATED FROM THE 2023**
11 **SETTLEMENT AGREEMENT REGARDING THE RATE CAPS ON**
12 **QUARTERLY FILING CHANGES?**

13 **A.** Yes. On February 17, 2026, UGI filed an Ex Parte Petition for Emergency Order
14 (Petition) with the Commission to temporarily reduce the quarterly rate cap for the
15 March 1, 2026 quarterly filing from 25% to 10%. In its Petition, UGI stated that
16 due to a colder winter, customer bills were higher than in recent winters and an
17 increase in the PGC rate by 25% may result in financial hardship. UGI asserted
18 that lowering the quarterly rate cap to 10% would protect customers from financial
19 hardship during the winter heating season and it would allow costs to be recovered
20 over a longer period of time with a lower bill impact.¹⁴ In a letter dated February

¹³ Docket No. R-2023-3040290. Settlement Agreement, paragraph 22.

¹⁴ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521. Petition at Paragraphs 6-11.

1 18, 2026, I&E filed a response to UGI's petition requesting that the Commission
2 deny the Company's petition and to allow interested parties to review the impact
3 of the Company's Petition on customer bills. I&E expressed concerns about the
4 future impact on a forward-looking basis and that the true impact of the
5 Company's Petition has not been fully examined and stated that I&E would file
6 and Answer to the Petition.¹⁵ However, Commission Chairman Stephen M.
7 DeFrank issued an Emergency Temporary Authorization Order on February 19,
8 2026 granting the Company's petition.¹⁶

9
10 **Q. WHAT WERE I&E'S CONCERNS REGARDING REDUCING THE RATE**
11 **CAP FROM 25% TO 10% IN THE COMPANY'S MARCH 1, 2026**
12 **QUARTERLY FILING?**

13 A. I&E was concerned that reducing the rate cap for the March 1, 2026 quarterly
14 filing will result in a larger undercollection when the Company is setting rates in
15 its December 1, 2026 compliance filing where the Company would be reconciling
16 its E-Factor from the prior PGC year which is subject to interest due from
17 ratepayers. This is further exacerbated by the Company's peaking contracts
18 beginning in November.

¹⁵ I&E Exhibit No. 1, Schedule 2.

¹⁶ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521. Emergency Temporary Authorization Order issued February 19, 2026. Ratification Order entered March 12, 2026.

1 By keeping the existing rate cap of 25% in place for the March 1, 2026
2 quarterly filing, the Company would have been able to address more of the
3 undercollection when customers are experiencing smaller non-heating bills as
4 usage is lower. As a result of lowering the rate cap in the March 1, 2026 quarterly
5 filing, the Company has essentially “kicked the can down the road” by pushing a
6 larger undercollection to the start of the next heating season which will likely
7 result in a significant rate shock to customers come December, the start of the next
8 heating season.

9
10 **Q. HOW MUCH ADDITIONAL INTEREST DOES THE COMPANY**
11 **ESTIMATE WILL NEED TO BE COLLECTED FROM CUSTOMERS AS**
12 **A RESULT OF THE COMPANY LOWERING THE RATE CAP FROM**
13 **25% TO 10% IN THE MARCH 1, 2026 QUARTERLY FILING?**

14 A. In response to I&E-I-6,¹⁷ the Company states that the undercollection would have
15 been reduced by \$24,887,859 (\$87,149,920 - \$62,262,061) if the 25% rate cap
16 would have been applied rather than 10% rate cap used for the March 1, 2026
17 quarterly filing. Based on the most recent prime rate for commercial borrowing in
18 the Wall Street Journal of 6.75%,¹⁸ ratepayers would be charged an additional
19 \$1,656,172 (\$7,003,353 - \$5,347,181) in interest than if the Company applied the
20 original rate cap of 25% for the March 1, 2026 rather than the 10% rate cap.

¹⁷ I&E Exhibit No. 1, Schedule 3.

¹⁸ I&E Exhibit No. 1, Schedule 4.

1 **Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING THE**
2 **ADDITIONAL INTEREST AS A RESULT OF THE COMPANY**
3 **LOWERING THE RATE CAP FROM 25% TO 10% IN THE MARCH 1,**
4 **2026 QUARTERLY FILING?**

5 A. Yes. I recommend that customers not be forced to pay for the additional interest
6 as a result of lowering the rate cap from 25% to 10% in the March 1, 2026
7 quarterly filing. As discussed above, the Company states that the undercollection
8 would have been reduced by \$24,887,859 if the 25% rate cap would have been
9 applied rather than 10% rate cap used for the March 1, 2026 quarterly filing which
10 would result in an additional \$1,656,172 in interest due from ratepayers.

11 I also recommend that UGI provide extended payment plans and a no
12 termination provision for customers that are severely affected by the likely
13 significant increase in gas cost rates this coming winter.

14
15 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

16 A. As discussed earlier in my testimony, I&E was concerned that reducing the rate
17 cap for the March 1, 2026 quarterly filing would result in a larger undercollection
18 when the Company is setting rates in its December 1, 2026 compliance filing
19 where the Company would be reconciling its E-Factor from the prior PGC year
20 which is subject to interest due from ratepayers. This is also further exacerbated
21 by the Company's peaking contracts beginning in November.

1 If the Company would have kept the existing rate cap of 25% in place for
2 the March 1, 2026 quarterly filing, the Company would have been able to address
3 more of the undercollection when customers are experiencing smaller non-heating
4 bills as usage is lower. However, by reducing the rate cap to 10% in the March 1,
5 2026 quarterly filing, this will result in a larger undercollection that will need to be
6 collected at the start of the next heating season, which will result in a significant
7 rate shock to customers.

8 Additionally, the Company stated in its Petition that an increase in the PGC
9 rate by 25% may result in financial hardship due to a colder winter and that
10 customer bills were higher than in recent winters and an increase in the PGC rate
11 by 25% may result in financial hardship. UGI asserted that lowering the quarterly
12 rate cap to 10% would protect customers from financial hardship during the winter
13 heating season and it would allow costs to be recovered over a longer period of
14 time with a lower bill impact. The Company provided the table below to show the
15 bill impact on the average residential customer based on a 10% increase and a
16 25% increase.¹⁹

	Current	10% Increase	25% Increase
PGC Rate (\$/Mcf)	\$6.7486	\$7.4235	\$8.4358
Average Residential Bill	\$119.67	\$124.72	\$132.29
Average Residential Bill Increase (%)		4.2%	10.5%

¹⁹ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521. Petition at Paragraphs 6-11.

1 While this will reduce the bill impact and make bills more affordable for
2 customers during the first quarter of the PGC year (March 1st through May 31st),
3 the increased undercollection as a result of not applying the 25% cap during these
4 months will ultimately be carried over into the next PGC year through the E-
5 Factor which is subject to interest to be paid by customers at the start of the next
6 heating season in December.

7 If the Company was concerned about affordability for its customers, the
8 Company would have addressed this significant undercollection during non-
9 heating months in its March 1, 2026 quarterly filing by not reducing the rate cap
10 during months where usage is much lower. As it stands, this additional
11 undercollection will be collected using a larger interest weight factor during its
12 next heating season which will have a much higher impact on commodity rates.
13 This is contrary to the Company's claimed concerns regarding customer
14 affordability.

15 Therefore, the Company should absorb the additional interest associated
16 with the deferred undercollection as well as offer extended payment plans and no
17 termination provisions to customers that will be severely affected by what will
18 probably be much higher gas costs this upcoming heating season.

19
20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 **A. Yes.**

Professional and Educational Experience
Christopher Keller

Professional Experience

January 2014 to Present

Fixed Utility Financial Analyst

Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania
Bureau of Investigation & Enforcement

September 2008 to January 2014

Insurance Company Financial Analyst

Pennsylvania Insurance Department, Harrisburg, Pennsylvania
Bureau of Licensing & Financial Analysis

Education and Training

FAI Utility Finance and Accounting for Financial Professionals, Boston, MA
May 21-23, 2014

York College of Pennsylvania, York, Pennsylvania

Master of Business Administration, Finance Concentration, 2008

Bachelor of Science, Accounting, 2006

Testimony Submitted

I have testified and/or submitted testimony in the following proceedings:

- Docket No. R-2025-3059428 – National Fuel Gas Distribution Corporation (O&M)
- Docket No. R-2025-3057164 – PPL Electric Utilities Corporation (O&M)
- Docket No. R-2025-3053442 – York Water Company – Water (O&M)
- Docket No. R-2025-3053573 – York Water Company – Wastewater (O&M)
- Docket No. R-2025-3054392 – Wellsboro Electric Company (ROR)
- Docket No. R-2025-3054394 – Citizens' Electric Company (ROR)
- Docket No. R-2025-3054938 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2024-3052716 – UGI Utilities, Inc. – Gas Division (O&M)
- Docket No. R-2024-3052357 – Pike County Light & Power Company (Gas) (ROR)
- Docket No. A-2022-3033138 – Aqua Pennsylvania Wastewater, Inc. – Acquisition of the Wastewater System Assets of the City of Beaver Falls (1329)
- Docket No. P-2024-3051313 – Rock Spring Water Company (529 Investigation)
- Docket No. R-2024-3047822 – Aqua Pennsylvania, Inc. (ROR)

- Docket No. R-2024-3047824 – Aqua Pennsylvania Wastewater, Inc. (ROR)
- Docket No. M-2023-3042180 – Venango Water Company, Sugarcreek Water Company, West Hickory Water Company, Plumer Water Company, Fryburg Water Company, Cooperstown Water Company, and Blaine E. Rhodes Sewer Company (529 Investigation)

Professional and Educational Experience
Christopher Keller

Testimony Submitted (Continued)

I have testified and/or submitted testimony in the following proceedings:

- Docket No. R-2024-3048828 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2024-3046932 – PECO Energy Company – Gas Division (O&M)
- Docket No. R-2024-3046523 – Duquesne Light Company (ROR)
- Docket No. R-2023-3044549 – Peoples Natural Gas Company LLC (O&M)
- Docket No. R-2023-3040258 – Columbia Water Company (O&M and ROR)
- Docket No. R-2023-3040290 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2022-3037368 – UGI Utilities, Inc. – Electric Division (O&M)
- Docket No. R-2022-3035730 – National Fuel Gas Distribution Corporation (O&M)
- Docket No. R-2022-3031340 – York Water Company – Water (ROR)
- Docket No. R-2022-3032806 – York Water Company – Wastewater (ROR)
- Docket No. R-2022-3032300 – Valley Energy, Inc. (ROR)
- Docket No. R-2022-3031704 – Borough of Ambler – Water Department (ROR)
- Docket No. R-2022-3032242 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2022-3031211 – Columbia Gas of Pennsylvania, Inc. (ROR)
- Docket No. A-2021-3026132 – Aqua Pennsylvania Wastewater, Inc. – Acquisition of the Wastewater Collection and Conveyance System Assets of East Whiteland Township (1329)
- Docket No. P-2021-3030012 – Metropolitan Edison Company (DSP)
- Docket No. P-2021-3030013 – Pennsylvania Electric Company (DSP)
- Docket No. P-2021-3030014 – Pennsylvania Power Company (DSP)
- Docket No. R-2024-3046932 – PECO Energy Company – Gas Division (ROR)
- Docket No. P-2021-3030021 – West Penn Power Company (DSP)
- Docket No. R-2021-3026116 – Borough of Hanover – Water (ROR)
- Docket No. R-2021-3025206 – Community Utilities of Pennsylvania – Water Division (ROR)
- Docket No. R-2021-3025207 – Community Utilities of Pennsylvania – Wastewater Division (ROR)
- Docket No. R-2021-3025652 – UGI Utilities, Inc. – Gas Division (1307(f))

- Docket No. R-2021-3024750 – Duquesne Light Company (O&M and ROR)
- Docket No. R-2021-3024296 – Columbia Gas of Pennsylvania, Inc. (ROR)
- Docket No. R-2020-3018929 – PECO Energy Company – Gas Division (ROR)
- Docket No. P-2020-3020914 – Twin Lakes Utilities, Inc. (529 Proceeding)
- Docket No. R-2020-3018835 – Columbia Gas of Pennsylvania, Inc. (ROR)
- Docket No. R-2020-3019680 – UGI Utilities, Inc. (1307(f))
- Docket No. P-2020-3019356 – PPL Electric Utilities Corporation (DSP)
- Docket No. R-2019-3015162 – UGI Utilities, Inc. – Gas Division (ROR)
- Docket No. R-2019-3010955 – City of Lancaster – Sewer Fund (O&M)
- Docket No. R-2019-3009647 – UGI Utilities, Inc. – Gas Division (1307(f))

Professional and Educational Experience
Christopher Keller

Testimony Submitted (Continued)

I have testified and/or submitted testimony in the following proceedings:

- Docket No. R-2018-3006818 – Peoples Natural Gas Company LLC (O&M)
- Docket No. R-2018-3000124 – Duquesne Light Company (O&M)
- Docket No. R-2018-3001631 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2018-3001632 – UGI Penn Natural Gas, Inc. (1307(f))
- Docket No. R-2018-3001633 – UGI Utilities, Inc. (1307(f))
- Docket No. R-2018-2645938 – Philadelphia Gas Works (1307(f))
- Docket No. P-2017-2637855 – Metropolitan Edison Company (DSP)
- Docket No. P-2017-2637857 – Pennsylvania Electric Company (DSP)
- Docket No. P-2017-2637858 – Pennsylvania Power Company (DSP)
- Docket No. P-2017-2637866 – West Penn Power Company (DSP)
- Docket No. R-2017-2602627 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2017-2602638 – UGI Utilities, Inc. (1307(f))
- Docket No. R-2017-2586783 – Philadelphia Gas Works (O&M)
- Docket No. R-2017-2587526 – Philadelphia Gas Works (1307(f))
- Docket No. I-2016-2526085 – Delaware Sewer Company (529 Proceeding)
- Docket No. R-2016-2531550 – Citizens' Electric Company (O&M)
- Docket No. R-2016-2531551 – Wellsboro Electric Company (O&M)
- Docket No. R-2016-2537349 – Metropolitan Edison Company (CWC and CAP)
- Docket No. R-2016-2537352 – Pennsylvania Electric Company (CWC and CAP)
- Docket No. R-2016-2537355 – Pennsylvania Power Company (CWC and CAP)
- Docket No. R-2016-2537359 – West Penn Power Company (CWC and CAP)
- Docket No. R-2016-2543311 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2015-2518438 – UGI Utilities, Inc. – Gas Division (CWC and USP)

- Docket No. P-2015-2511333 – Metropolitan Edison Company (DSP)
- Docket No. P-2015-2511351 – Pennsylvania Electric Company (DSP)
- Docket No. P-2015-2511355 – Pennsylvania Power Company (DSP)
- Docket No. P-2015-2511356 – West Penn Power Company (DSP)
- Docket No. R-2015-2468056 – Columbia Gas of Pennsylvania, Inc. (O&M)
- Docket No. P-2014-2404341 – Delaware Sewer Company (529 Investigation)
- Docket No. R-2014-2452705 – Delaware Sewer Company (O&M)
- Docket No. R-2014-2428304 – Borough of Hanover – Water (O&M)
- Docket No. R-2014-2419774 – Wellsboro Electric Company (Customer Choice Support Charge)
- Docket No. R-2014-2420279 – UGI Central Penn Gas, Inc. (1307(f))

Assisted with the Following Cases

- Docket No. R-2017-2631441 – Reynolds Water Company (ROR)

Assisted with the Following Cases (Continued)

- Docket No. R-2016-2580030 – UGI Penn Natural Gas, Inc. (ROR)
- Docket No. R-2014-2462723 – United Water Pennsylvania (CWC)
- Docket No. R-2014-2428742 – West Penn Power Company (CWC)
- Docket No. R-2014-2428743 – Pennsylvania Electric Company (CWC)
- Docket No. R-2014-2428744 – Pennsylvania Power Company (CWC)
- Docket No. R-2014-2428745 – Metropolitan Edison Company (CWC)
- Docket No. R-2013-2397353 – Pike County Light & Power Company (Gas) (O&M)
- Docket No. R-2013-2397237 – Pike County Light & Power Company (Electric) (O&M)

**I&E Exhibit No. 1
Witness: Christopher Keller
NON-PROPRIETARY**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2026-3062192

Exhibit to Accompany

the

Direct Testimony

of

Christopher Keller

Bureau of Investigation and Enforcement

Concerning:

**Peak Service Contract Payment Schedule
Quarterly PGC Rate Changes**



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

February 18, 2026

I&E Exhibit No. 1
Schedule 2
Page 1 of 2

Via Electronic Filing

Secretary Matthew Homsher
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Ex Parte Petition for Emergency Order of UGI Utilities, Inc. – Gas Division
Docket No. P-2026-3060521

Dear Secretary Homsher:

On February 17, 2026, UGI Utilities, Inc. – Gas Division (UGI or Company) filed an Ex Parte Petition for Emergency Order of UGI Utilities, Inc. – Gas Division. In its Petition, UGI seeks to temporarily reduce the Company's Purchased Gas Adjustment Quarterly Adjustment Mechanism rate change cap from 25% to 10% for the March 1, 2026 quarterly C-factor adjustment. UGI requests that the Commission grant its Petition for Ex Parte Emergency Order and ratify it by the next Public Meeting date scheduled to occur on February 19, 2026.

The Bureau of Investigation and Enforcement (I&E) respectfully requests that the Commission deny this request and allow for interested parties to perform a full and complete review of UGI's Petition and the impact therefrom. I&E is concerned about the future impact on customer bills on a forward-looking basis and is concerned that the true impact of this proposal on future customer bills has not been fully vetted.

As such, I&E intends to file an Answer to the instant Petition within the 5-day timeframe allowed for in the Commission's regulations or as otherwise directed to by the Commission. 52 Pa. Code § 3.6.

Respectfully,

A handwritten signature in blue ink that reads 'Carrie B. Wright' with a stylized 'X' at the end.

Carrie B. Wright
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
carwright@pa.gov

CBW/ac
Enclosure

cc: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

I&E Exhibit No. 1
Schedule 2
Page 2 of 2

Ex Parte Petition for Emergency Order of UGI : Docket No. P-2026-3060521
Utilities, Inc. – Gas Division :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Letter** dated February 18, 2026, in the manner and upon the persons listed below.

Served via Electronic Mail Only

Michael S. Swerling, Esq.
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
swerlingm@oneugi.com

Steven C. Gray, Esq.
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1921
sgray@pa.gov

Darryl A. Lawrence, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1921
dlawrence@paoca.org



Carrie B. Wright
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
carwright@pa.gov

I&E-I-6

Request:

Reference UGI's Ex Parte for Emergency Order of UGI Utilities, Inc. – Gas Division petition at Docket No. P-2026-3060521 and UGI's March 1, 2026 Purchased Gas Cost Quarterly Filing at Docket No. R-2025-3054938 concerning the March 1, 2026 quarterly C-factor adjustment. Provide a table showing how much the undercollection would have been reduced if the rate cap of 25% had been used for the March 1, 2026 quarterly filing rather than the rate cap of 10% as well as any repayment that would have occurred against the undercollection.

Response:

Please see Attachment I&E-I-6. The same sales forecast was used in both scenarios with no adjustments made for energy conservation in the event of higher rates.

Prepared by or under the supervision of: Zachary J. Shirk

UGI Utilities, Inc. - Gas Division
Over/(Under) Collection Comparison

	Book 2 Filing				March 1 25% Cap					
	PGC Rate	Revenue	Cost	Over/(Under) Collection	Interest	PGC Rate	Revenue	Cost	Over/(Under) Collection	Interest
December-25	\$ 6.2323	\$60,658,723	\$73,278,812	(\$12,620,089)	(\$1,277,784)	\$ 6.2323	\$60,658,723	\$73,278,812	(\$12,620,089)	(\$1,277,784)
January-26	\$ 6.2323	\$76,980,525	\$150,574,896	(\$73,594,371)	(\$7,037,462)	\$ 6.2323	\$76,980,525	\$150,574,896	(\$73,594,371)	(\$7,037,462)
February-26	\$ 6.2323	\$85,513,694	\$79,285,578	\$6,228,116	\$560,530	\$ 6.2323	\$85,513,694	\$79,285,578	\$6,228,116	\$560,530
March-26	\$ 6.7757	\$65,344,743	\$49,825,061	\$15,519,682	\$1,309,473	\$ 7.7880	\$70,929,988	\$49,825,061	\$21,104,927	\$1,780,728
April-26	\$ 6.7757	\$37,942,701	\$21,119,329	\$16,823,372	\$1,324,841	\$ 7.7880	\$43,611,399	\$21,119,329	\$22,492,070	\$1,771,250
May-26	\$ 6.7757	\$18,827,828	\$16,304,123	\$2,523,705	\$184,546	\$ 7.7880	\$21,640,735	\$16,304,123	\$5,336,612	\$390,240
June-26	\$ 6.7757	\$10,252,687	\$13,941,531	(\$3,688,844)	(\$248,997)	\$ 7.7880	\$11,784,455	\$13,941,531	(\$2,157,076)	(\$145,603)
July-26	\$ 6.7757	\$6,917,560	\$12,711,826	(\$5,794,266)	(\$358,520)	\$ 7.7880	\$7,951,054	\$12,711,826	(\$4,760,772)	(\$294,573)
August-26	\$ 6.7757	\$7,010,045	\$11,708,394	(\$4,698,349)	(\$264,282)	\$ 7.7880	\$8,057,357	\$11,708,394	(\$3,651,037)	(\$205,371)
September-26	\$ 6.7757	\$7,075,813	\$13,100,855	(\$6,025,042)	(\$305,018)	\$ 7.7880	\$8,132,950	\$13,100,855	(\$4,967,905)	(\$251,500)
October-26	\$ 6.7757	\$12,895,338	\$18,471,626	(\$5,576,288)	(\$250,933)	\$ 7.7880	\$14,821,921	\$18,471,626	(\$3,649,705)	(\$164,237)
November-26	\$ 6.7757	\$28,277,585	\$44,525,131	(\$16,247,546)	(\$639,747)	\$ 7.7880	\$32,502,300	\$44,525,131	(\$12,022,831)	(\$473,399)
		\$417,697,242	\$504,847,162	(\$87,149,920)	(\$7,003,353)		\$442,585,101	\$504,847,162	(\$62,262,061)	(\$5,347,181)

Historical Prime Rate

2013-2025

Effective Date	Rate
12/11/2025	6.75%
10/30/2025	7.00%
09/18/2025	7.25%
12/19/2024	7.50%
11/8/2024	7.75%
9/19/2024	8.00%
7/27/2023	8.50%
5/4/2023	8.25%
3/23/2023	8.00%
2/2/2023	7.75%
12/15/2022	7.50%
11/3/2022	7.00%
9/22/2022	6.25%

7/28/2022	5.50%
6/16/2022	4.75%
5/5/2022	4.00%
3/17/2022	3.50%
3/16/2020	3.25%
3/4/2020	4.25%
10/31/2019	4.75%
9/19/2019	5.00%
8/1/2019	5.25%
12/20/2018	5.5%
9/27/2018	5.25%
6/14/2018	5.00%
3/22/2018	4.75%
12/14/2017	4.50%
6/15/2017	4.25%
3/16/2017	4.00%
12/15/2016	3.75%
12/17/2015	3.50%

2007-2012

+

2001-2006

+

1995-2000

+



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2026-3062192
	:	
UGI Utilities, Inc. – Gas Division 1307(f)	:	

**VERIFICATION OF
CHRISTOPHER KELLER**

I, Christopher Keller, on behalf of the Bureau of Investigation and Enforcement (“I&E”), hereby verify that the facts set forth in I&E Statement No. 1 PROPRIETARY and Non-Proprietary and I&E Exhibit No. 1 PROPRIETARY and Non-Proprietary filed in this proceeding are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same at an evidentiary hearing in this matter. This Verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

/s/ Christopher Keller
Christopher Keller
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Dated: 7/30/26